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U. S. DEPARTMENT OF AGRICULTURE



# Cooperative Management and Marketing for the Woodland Owner

FARMERS' BULLETIN NO 1927  
U.S. DEPARTMENT OF AGRICULTURE

WAR DEMANDS FOR WOOD are making it possible for many farmers to improve their timber stands and benefit their country at one and the same time. Our trees are going to war and with every effort needed to supply wood products for our fighting forces and our civilians, it is evident that farmers can find no better means of making their contribution in this effort than to work through cooperative management and marketing groups.

The value of cooperative associations for marketing farm crops has been thoroughly demonstrated both in the United States and abroad. The principles underlying cooperatives are simple, but applying them to the growing and marketing of a timber crop, particularly to processing activities, may be complicated. A prime requisite for the success of woodland cooperatives is the practice of sound forest management on the part of their members. Federal leadership and initiative, with State cooperation, are necessary to make the essential organization studies and demonstrations; furnish loans on favorable terms; and provide for technical advice on management, manufacture, and marketing.

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Washington, D. C.

Issued February 1943

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COVER—CRUISING AND MARKING TIMBER IN THE WOODLAND OF A MEMBER OF THE OTSEGO FOREST PRODUCTS COOPERATIVE ASSOCIATION, COOPERSTOWN, N. Y. (F-418729)

# COOPERATIVE MANAGEMENT AND MARKETING FOR THE WOODLAND OWNER

PREPARED BY DIVISION OF STATE FORESTRY, *Forest Service*

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## INTRODUCTION

No longer is it possible to succeed in business simply by making a better mouse trap, growing good corn, cotton, wheat, or timber; the final, essential step in all business is a profitable sale of the product. Since the sale is often the most difficult phase of the enterprise for small producers, they are becoming increasingly interested in cooperative ventures. As F. F. Hill,<sup>1</sup> former Governor of the Farm Credit Administration said:

Singly, farmers today are in no position to bargain effectively with established groups in these fields. But through cooperation they have the opportunity to increase efficiency, lower costs, and improve quality.

Cooperative marketing, therefore, means the pooling of individual interests in such a way as to increase profits to the producer through increased efficiency, lowered costs, and improved quality.

Although cooperative handling of forest products is a relatively new development in this country, cooperation itself is not a new idea. The history of farmers' cooperatives in the United States dates back nearly 100 years. Information assembled by the Farm Credit Administration indicates that there are in this country at the present time between 15,000 and 20,000 farmer-owned and farmer-controlled cooperative associations and mutual companies. Included in this total are slightly more than 10,000 marketing and purchasing associations, 2,000 farmers' mutual fire insurance companies, about 2,500 mutual irrigation companies, 2,000 or more mutual telephone companies, 800 or 900 rural electrification associations, and several thou-

<sup>1</sup> HYRE, FRENCH M. CO-OP'S IN AGRICULTURE. United States Farm Credit Admin. Cir. C-111, 22 pp., illus. [1939.]

sand smaller and more or less informal cooperative enterprises, such as spray rings, bull rings, veterinary service groups, herd-improvement associations, etc. It is estimated by the Farm Credit Administration that from one-third to one-half of all the farmers in this country are now associated with a cooperative enterprise of one kind or another and understand, at least in a broad general way, the fundamental principles upon which the movement is based.

Forest products, such as saw timber, poles, and railway cross ties, are a major farm crop, not greatly different from wheat or cotton. Although farm woodlands make up 18 percent of the total farm area in the United States, they contribute only a small part of the total farm cash income, largely because neither the woodlands nor markets for their products have been developed. Therefore, the opportunities offered by cooperatives for forest products might well be studied. The purpose of this bulletin is to outline briefly: (1) The fundamentals of cooperatives, (2) possibilities in woodland owners' associations, and (3) the activities of several representative forest products associations.

### FUNDAMENTALS OF GOOD COOPERATIVES

Landowners who are planning the formation of a forest products association should consider both the need for the cooperative and the services they expect it to provide to meet these needs. Certain considerations are fundamental to all good forest products associations. To function successfully they must (1) have something to sell and a way to sell it; (2) they must be well organized; (3) they must be well managed; (4) they must be well financed; and (5) they must meet obligations to the public as well as to their members.

1. A forest products association must have something to sell and a way to sell it.

One mistake often made in planning for a forest products marketing cooperative is to choose an area where the growing stock is so badly depleted that the principal need is for the growing of timber; i. e., building up the stand, and not for the marketing of forest products.

Barrington Moore<sup>2</sup> points out that in England, which probably consumes more timber products in relation to amount of timber grown than any other country, markets for locally grown timber are poor. The principal reasons why English markets for local wood are poor are the same as in some of our farming regions; namely, that the amount of wood offered from individual woodlands is relatively small and the forest products are not properly manufactured or merchandised. Where landowners have small quantities of timber to sell there is apparent need for cooperatives that will provide the following services:

(a) Encouragement, stabilization, and development of new markets.

(b) Merchandising, including selling, grading, utilization, and transportation of the product.

<sup>2</sup> MOORE, B. THE DEVELOPMENT OF COOPERATIVE TIMBER MARKETING AND FORESTRY IN GREAT BRITAIN. *Jour. of Forestry* 35: 439-447. 1937.

(c) Assistance in forest management or timber growing to insure a continuous yield, thereby justifying a steady market.

Most marketing cooperatives have been formed in order to get a better net price for what the producer had to sell. Too often a farmer has shipped a carload of produce to a commission merchant and received for his product and trouble only a bill for part of the freight. Also, all too often, a farmer has grown a fine crop of timber and then found that his only market is a "peckerwood" sawmill operator who will buy only on his own terms, which usually include clear-cutting. Thus the need for an equitable market has led small producers to join together in cooperative associations.

As the big sawmills in the eastern part of the United States cease operation, woodland owners often have no markets for their timber. Frequently the local sawmill which has been buying their logs shuts down, and if their timber is to be sold at all they will have to wait for a small mill to move into their neighborhood. Paradoxically, therefore, especially in the populous Northeast, where the demand for timber is great, the farmer or small-woodland owner often has no nearby satisfactory market for his products, and yet if he buys lumber he is forced to pay high prices for imported material. In other words, the local market is closed to the local producer.

### 2. A forest products association must be well organized.

Care must be taken in the beginning to create an organization that will keep its members active and loyal, as the loyalty of the individual member to the cooperative enterprise is absolutely essential to its success. Founded entirely upon democratic principles, all true cooperatives are organized so that the members have full control of important matters by voting at meetings. Between meetings the affairs are generally entrusted to a board of directors elected by and directly responsible to the members. The manager generally reports directly to the board of directors which has the power to hire or discharge him and his assistants.

Members are usually accepted in an association on the payment of a nominal sum (from \$1 to \$10) and the promise to abide by the bylaws of the organization. In many cases members subscribe to stock in the association or buy stock through payment of a percent of their sales. According to the Farm Credit Administration (see footnote 1, p. 1), of the total number of farmer cooperatives, stock associations make up 55 percent; cooperative nonstock, 22 percent; general corporation, 13 percent; and unincorporated, 10 percent. The Farm Credit Administration states:

The member's interest in his cooperative association has a direct relationship with the volume of his patronage. For this reason, cooperatives should make some provision whereby each individual member contributes to the capital structure according to his volume and whereby reserves and stock, or certificates of interest, would be credited to the members on this basis.<sup>3</sup>

### 3. A forest products association must be well managed.

Success or failure of business enterprises depends to a large degree upon the ability and performance of the management. In the beginning a forest products association might be a community enterprise with part-time management, but after its business is sufficiently

<sup>3</sup> JONES, J. W. MEMBERSHIP RELATIONS OF COOPERATIVE ASSOCIATIONS. U. S. Farm Credit Admin. Bul. 9, 111 pp. 1936.

large a manager is needed. The manager of a forest products association must, of course, know what services the members need and how to provide these services most economically for the good of both the individual and the group. A reputation for honesty based on fair dealing with people in the community is a prerequisite for a good manager, and, in addition, his character and personality should qualify him as a leader. Over the long term, he must be able to secure greater net returns to the members for their products than if they were to sell individually in the open market. Unless a good manager is hired at a salary sufficient to keep him on a full-time basis, it will be unreasonable to expect the organization to be strong enough to provide the necessary beneficial services. The manager should be a trained forester or should procure technical forestry advice and assistance for the members.

4. A forest products association must be well financed.

Recognition of the need of cooperatives for capital was expressed by Congress in the Farm Credit Act of 1933, which authorized the establishment of "banks for cooperatives to make available to farmers' associations a permanent source of credit on a business basis." (See footnote 1, p. 1.) Farm Credit Administration records show that approximately one-half of the 15,573 farmers' cooperative associations and mutual companies operating in the United States use borrowed funds in connection with their operations. (See footnote 1, p. 1.) Some of the forest products cooperatives have struggled along in the adolescent stage, never reaching maturity, because through inadequate financing they were unable to handle enough business to provide the services needed by the members. Authorities on farmer cooperatives have found that within limits which vary with each major crop, associations of adequate size and financial resources for the job to be done operate most efficiently. To sustain interest, it is essential that a substantial part of the required capital of the association be furnished by the members. Some cooperatives try to pay the farmer as much for his product as he would get in the open market, and any surplus proceeds accruing in the transaction are held as stock in the farmer's name.

5. A forest products association must meet obligations to the public as well as to its members.

Congress, public agencies, and the public in general are fostering co-operative associations for farmers with the belief that through these organizations the farmers will be able to achieve and maintain their rightful position in a complex and highly competitive business world. Congress has "exempted" farmers' cooperatives from Federal anti-trust laws. The Cooperative Marketing Act of 1926, the Agricultural Marketing Act of 1929, and the Farm Credit Act of 1933 all express a favorable public attitude toward the cooperative movement.

In order to keep the good will of all groups of people, cooperatives must recognize their responsibilities in fair dealings with the general public as well as with the members. Cooperatives are generally long-term businesses which must develop a reputation for dependability; they must be interested in stabilizing production, employment, and community welfare. Reasonable profits over the long term are more desirable to co-ops than speculative or quick profits from sharp deals.

## POSSIBILITIES IN WOODLAND OWNER'S ASSOCIATIONS

### BETTER MARKETS

The general rule that the bargaining power of an individual acting in a group is greater than that of an individual acting alone holds true for forest products cooperatives. Although the individual member may be tempted occasionally to break his marketing agreement with the association by making an unauthorized sale at a higher price, he will usually be better off in the long run if he accepts the more stable prices available through his co-op.

At present, when the war effort has created an unusually brisk demand for forest products, there is a tendency for farmers to drop out of their associations and accept bids for small quantities at figures which seem to promise larger returns. There are so many ways, however, in which some forest-products buyers can and frequently do outbargain individuals that these seemingly larger returns for unauthorized sales often prove disappointing. Also, the delinquent member often finds that if he had waited a little longer the association would have secured a better deal for him by pooling what he had to sell with other products in a large sale. Cooperative groups have a wonderful opportunity during the war to locate urgently needed supplies of forest products. For example, cooperatives can keep in touch with their State and county defense boards, and when they learn of an unusually great demand for walnut gunstock logs, hardwood piling, white oak boat material, or other forest products vitally needed for war, they can contact immediately owners of the desired stumpage and handle profitable sales for them.

### IMPROVED MANAGEMENT OF FARM WOODLANDS

Voluminous data on conditions in the 139,000,000 acres of farm woodlands in the United States show rather conclusively that the utilized productivity is no more than one-third to one-half the possibilities realizable by good management. The quality and consequent value of the wood produced is also very poor as compared with possibilities. Defects in management include cutting of immature trees, cutting in excess of growth, heavy grazing, and other abuses. They may be summed up in terms of inadequate growing stock of poor quality. Wood grows on wood. Abundant and valuable growth can be obtained only on vigorous high-quality trees present in each woodland in numbers as great as the soil will support.

Cooperatives can help correct these conditions in several ways. Most important is through terms of purchasing farm woodland products, through limitation of the annual cut of each member, and through the regular educational program necessary in every cooperative. Strong cooperatives can, in addition, provide technical aid to members. They can also facilitate the work of State and Federal forest agencies aiding private forestry.

Forest practices suited to rapid improvement in productivity include light and frequent cuttings (usually at 3- to 6-year intervals) in all stands capable of yielding material for home use or sale; careful methods of cutting and classifying products for sale; and in some cases cultural operations to reduce competition from inferior species in seedling and sapling stands. Cuttings should be confined to fully

matured trees, to trees of poor species or quality for further growth, and to surplus trees in dense groups. Groups of young trees should be kept closely spaced until clear timber has developed.

Owing to small individual forest holdings farmers are well able to protect exceptional trees to produce valuable logs for the veneer and other industries needing logs of superior quality. Sales from farm woodlands of single trees of high quality for sums in excess of \$100 per tree are common in the better hardwood regions. Many more such trees should be produced. This will not reduce the flow of common forest products, such as fuel, from the same areas.

#### BETTER FOREST MANAGEMENT

With good markets, better woodland management of the individual forests and continuous yield from the combined forest area are possible. Better management in most farm woodland areas will mean primarily improvement of a deteriorated growing stock by the removal wherever possible of the overmature or defective trees and those of relatively undesirable species in order to encourage the growth of more desirable trees. Cooperatives are in a good position generally to sell large quantities of low-value material, such as fuel wood, mine props, pulpwood, and small-dimension stock, through a wider use of available markets and through care in utilization, grading, and processing. The long-term aspects and possibilities inherent in cooperatives are particularly adapted to the business of forest management.

Cooperatives encourage woodland owners to practice better forest management by at least meeting minimum requirements. From the educational programs fundamental to every well-managed association, the landowner learns the value of his woodland resource. From the marketing of trees he develops an interest in timber management; and from the harvest, or logging, of his timber crops, if he does at least part of the work himself, he becomes an adept woodsman and receives additional cash income. By good timber management and care in marketing operations under the cooperative's guidance over the years, the woodland owner develops his forestry business to take full advantage of the productivity of his soil and the various demands of his markets. He begins to handle his woodland as if it were a bank account from which he reaps annual or periodic returns in the form of "interest" or in which he can accumulate interest to build up an important "capital investment" for use in times of personal financial crises, such as crop failures, loss of buildings from fires, illness, or other difficulties.

#### COMMUNITY DEVELOPMENT

One natural outgrowth of both better markets and better forest management is community development. Within the range of influence of every successful forestry cooperative many improvements can be noted. Better forests mean more taxable wealth, which in turn means better schools, roads, etc. With better business opportunities the local people become more prosperous. This applies not only to the workers at the plant, the haulers and woods workers, but also to the service groups that depend indirectly upon the association checks.

Not to be overlooked as a community benefit are the better buildings which a forestry cooperative encourages. Many associations that own or control sawmills do custom sawing for their members or sell them lumber at cost, thereby making it possible for them to have better homes and farm buildings and keep them in repair at low cost.

### SEVERAL REPRESENTATIVE FOREST PRODUCTS ASSOCIATIONS

At the present time there are approximately 15 forest products marketing cooperatives, few of which have been in existence more than 6 years. In general, they are showing progress toward their main objectives—improved markets and better forestry practices. To develop a sound, long-term forestry business it has been essential to apply forestry practices in the woods as well as to market the products, because without good forest management the source of the raw material will disappear and the co-op will be forced to liquidate. Sustained-yield woodland management for the individual owner, if possible, and at least for the enterprise as a whole, therefore, has proved necessary to the success of forest products associations.

Brief descriptions of several forestry cooperatives, indicating various opportunities, have been included for the benefit of anyone interested in organizing similar associations.

#### 1. COASTAL FOREST FARMING PROJECT, ATKINSON COUNTY, GA.

Through the efforts of E. N. Cooper, farm forester of the Atkinson County (Ga.) Forest Farming Project, farmer-producers have received a greatly increased return from their pulpwood stumps. When Mr. Cooper first investigated timber markets in Atkinson County, farmers and small woodland operators were receiving only 75 cents stumps per unit or "long cord" for this material. Taking the matter up with the pulp mills, Mr. Cooper persuaded them to deal directly with the farmers, provided the farmers would guarantee a reasonable amount of wood. He then called the farm-woodland owners together, and they pooled their interests and arranged for pulpwood sales through their informal cooperative (figs. 1 and 2). A contract for pulpwood at \$5.28 per unit loaded on cars was offered by one mill. One of the first sales was made by J. G. Williams, a farmer, who had his wood cut and hauled for \$3.25 per unit, which left him \$2.03 for stumps, as compared with the 75 cents he would have received had he acted alone. Further bargaining with the pulp mills has raised the price to \$5.64 per unit, a still further increase over the net stumps price of \$2.03 per unit received by Mr. Williams.

#### 2. DE SOTO PARISH, LA., FORESTRY COOPERATIVE<sup>4</sup>

In De Soto Parish, La., forest owners have a cooperative timber marketing association which employs a technical forester, who marks the trees, gets bids, and sells the timber on a commission basis. To cover association expenses the owner of the timber pays the cooperative 50 cents per M for the sale of sawlogs, 10 cents per cord

<sup>4</sup> Excerpts from a paper on marketing, delivered by A. S. McKean before the Southern Agricultural Workers' Meeting held in Memphis, Tenn., Feb. 7, 1942.

for pulpwood, and a percentage on other forest products. Each member of the organization pays \$1 for a life membership.

A. S. McKean, extension forester of Louisiana, who started the De Soto Parish Forestry Cooperative, stated recently that the members are receiving from 25 percent up to as much as 500 percent more than was offered for the timber in bulk. Between August 1940 and October 1941 this association took in gross receipts amounting to \$20,437 from the sale of timber, of which net receipts to the landowners amounted to \$18,640 after \$1,797 had been deducted for commission and association expenses.



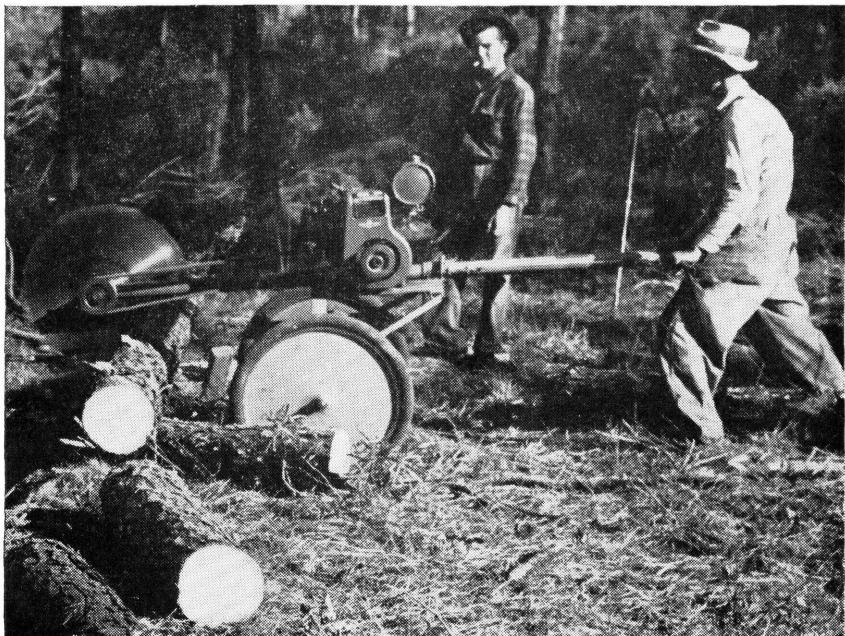
F-418865

FIGURE 1.—On the farm owned by E. C. Fancher, the first cooperator of the forest farming project in Atkinson County, Ga., the marked trees were left after an improvement cutting for pulpwood, in which 16.6 cords per acre were removed and 15.8 cords contained in 430 of the best trees were left.

This cooperative is fortunate in having an excellent forester-manager who knows people, timber, and markets. Commercial consumers of timber products have confidence in his timber estimates and contact him when they need stumps. Guesswork on the part of both buyers and sellers is eliminated by the forester's marking and tallying of trees for their various uses, including sawlogs, poles or piles, and pulpwood. All marking for cutting is done with the objective of leaving a good growing stock, taking the trees that should come out to improve the stand, and providing income for the landowner. Through profitable timber sales which prove the value of forest properties, the landowners are encouraged to practice good forest management.

## 3. FARMERS' SAWMILL COOPERATIVE OF FAYETTE COUNTY, TEX.

E. A. Randolph, Negro county agent, Fayette County, Texas, writes: "I saw a great opportunity and great advantages for my farmers when looking on at a farm sawmill demonstration conducted by C. W. Simmons, extension forester of Texas, which showed fine possibilities of farmers getting their much needed lumber for farm buildings and repairs at low cost through a cooperatively owned sawmill. About 80 percent of these farmers were in a great need of lumber and had no money to buy any. The farmers were also quick to see the possibilities. They formed a cooperative group; borrowed \$265



F-418866

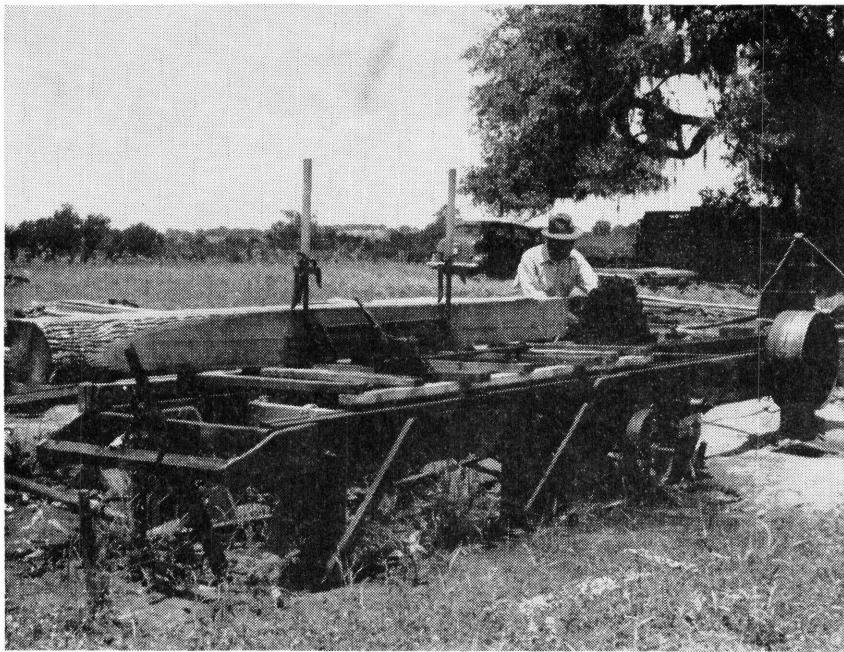
FIGURE 2.—Pine pulpwood being cut by a mechanical saw on the farm of E. C. Fancher, who sold his wood to the Atkinson County, Ga., pulpwood cooperative, netting as much as \$2.50 to \$3.00 stumpage per 168 cubic feet.

from a local bank and obtained membership fees to bring their total capital up to \$355. With this sum the group purchased the mill, 42" IP saw, shingle saw, old auto motor for power and transportation, trailer, and all labor and materials needed in its construction. This mill is used in custom sawing at cost for cooperative members (which means from \$2 to \$7 per thousand board feet, depending largely on how much labor the member contributes) or at \$12 per thousand for nonmembers. (See fig. 3.)

"The bank loan of \$265 was paid in full as it was due and the cooperative now operates free of all indebtedness. On the basis of its splendid achievement in providing low-cost housing, community buildings, farm buildings, and repairs, this cooperative in 1940 won a national prize of \$100 from a large farm equipment manufacturer

for its excellent contribution to the welfare of the community (the group was second best of 86 entries from all parts of the United States).

"This Negro Farmers' Sawmill Cooperative has manufactured over 200,000 board feet of lumber. If this sawmill had not been in operation, these farmers would have done without 95 percent of the lumber produced for they simply did not have funds to buy it. This cooperative is an excellent example of one that has arisen to satisfy a specific need for low cost lumber for farm uses; it is simple and effective in accomplishing its purpose." (See fig. 4.)



F-403320

FIGURE 3.—A cooperative sawmill owned by Negroes in Fayette County, Tex.

#### 4. FOREST PRODUCTS ASSOCIATION, INC., GROVETON, N. H.

An urgent need by farmers for capital to enable them to start again in the business of producing pulpwood resulted in the formation of the Forest Products Association, Inc., which has the majority of its members in Coos County, N. H., and Essex County, Vt., and is often known as the Coos-Essex Co-op. Extension Foresters K. E. Barraclough and C. S. Herr were leaders in the formation and development of this cooperative. W. S. Swingler, senior forester of the U. S. Forest Service, says, "The prime purpose of this organization is to stabilize prices received for products and increase annual yields from farm woodlands. It is hoped to accomplish this purpose by improving the forest practices on these woodlands and by locating markets for products from the inferior species."<sup>5</sup>

<sup>5</sup> U. S. FOREST SERVICE AND U. S. EXTENSION SERVICE. FARM FOREST COOPERATIVES HELP TO SOLVE TIMBER GROWING AND MARKETING PROBLEMS. 48 pp. 1939. [Processed.]

A timber survey and sustained-yield management plan covering 265,000 acres was prepared by the United States Forest Service and the Civilian Conservation Corps and advice on the proper handling of their woodlands is given to the owners by the extension foresters of New Hampshire and Vermont.

The Association has borrowed from the Federal Government \$100,000, for which the United States Forest Service is trustee. According to Mr. Swingler (see footnote 5, p. 10), "An initial loan of \$200 secured by promissory notes alone is made to each producer (member). This loan will permit the woodland owner to start operation



F-403317

FIGURE 4.—County extension building for Negroes, Fayette County, Tex. built with lumber from a cooperatively owned sawmill in a self-help program.

and in many cases is the only advance required. Instead of a commission paid by members, the mills were asked for a differential in price when buying through the association. The mills were able to pay this additional price, as dealing with the association eliminated any commissions to buyer." Pulpwood and hardwood sawlogs are the principal products. These products handled during the year ending May 21, 1941, had a value of over \$200,000. (fig. 5) A regular manager is employed.

##### 5. MAPLE SIRUP PRODUCTS COOPERATIVE, LANGLADE COUNTY, WIS.

In 1934 at Langlade County, Wis., John Omernik, county agent, called a meeting of the maple sirup producers to formulate plans for a cooperative to handle the processing and sale of the product.

The cooperative was formed, a board of directors was elected, and the Antigo Milk Products Cooperative, the local dairy plant, agreed

to process the product at a nominal fee (10 cents per gallon for the last several years), provided the sap, before being delivered to the plant, was boiled down to about 20 percent of the original volume. The density of the sap is tested with a Baume hydrometer and each producer is paid in accordance with the amount of sugar present in the sap.

The original membership of the cooperative consisted of 50 producers; the present membership is 108. The size of the individual sugar bush varies from 1 acre to 120 acres. In 1941, 5,000 gallons of the sirup were made. Mr. Herman Anderson, the secretary, stated that fully 50 percent of the producers have utilized the services of



NEW HAMPSHIRE EXTENSION SERVICE

FIGURE 5.—Pulpwood and hardwood sawlogs valued at \$200,000 were handled in 1 year by the Forest Products Association, Inc., Groveton, N. H.

the State Extension Service in selecting the undesirable trees that needed to be cut.

In the last 4 years no difficulty has been experienced in marketing the product. The product is sold through local roadside stands, 2,000 gallons (largely to tourists); local store trade, 500 gallons; and various large concerns, 500 gallons bought to give to customers and employees. The rest was sold to wholesale jobbers.

It might be interesting to note the prices received for the product in 1941—1 gallon, \$2.65;  $\frac{1}{2}$  gallon, \$1.40; 1 quart, 75 cents; 1 pint, 40 cents;  $\frac{1}{2}$  pint, 25 cents.

#### 6. OTSEGO FOREST PRODUCTS COOPERATIVE ASSOCIATION, INC., COOPERSTOWN, N. Y.

One of the most highly organized forestry cooperatives and one with greatly varied activities is the Otsego Forest Products Cooper-

tive, Inc., at Cooperstown, N. Y. (figs 6, 7, and 8). The main purposes are described as follows:

"To promote, foster, and encourage the better care and increased productivity of woodlands, the orderly and efficient marketing of forest products through cooperation, to eliminate speculation and waste, and to stabilize the marketing of forest products . . .<sup>6</sup>

Started on December 18, 1935, the Otsego Forest Products Cooperative Association now has over 700 members. In addition to the board of directors, the association has a general manager and from 4 to 6 foresters. Each member is a stockholder, and the association has an authorized capital of \$100,000. Federal loans, with the Farm



F-395322

FIGURE 6.—Farmers delivering logs to their processing plant not only get stumpage but also receive labor income from their harvest. Otsego Forest Products Cooperative Association plant, Cooperstown Forest Unit, N. Y.

Security Administration as creditor and the Northeastern Forest Experiment Station of the United States Forest Service as administrator, have been obtained and expended chiefly for processing plant and equipment.

This cooperative follows the methods of most Pacific-coast agricultural cooperatives in membership participation in association finance. Ninety-five percent of all sums due members for logs or other forest raw materials is paid in cash. The remaining 5 percent is credited to each member's capital stock account and paid him at the end of the year in the form of \$1 shares. (This stock can be used as a credit base for lumber purchases by the members.) The balance of capital-

<sup>6</sup> Otsego Forest Products Association, Inc., Articles of Incorporation, Article II.



F-411594

FIGURE 7.—Farmers cutting the top log in a mature sugar maple tree. The logs will be delivered to the cooperative sawmill near Cooperstown, N. Y., and the tops and branches will be worked up into fuel wood for home use.



F-395352

FIGURE 8.—Calculating the growing stock and selecting trees to be harvested are activities carried on by professional foresters under the program of the Otsego Forest Products Cooperative Association, Cooperstown Forest Unit, N. Y.

stock credit carries over to the following year. In this way each member increases his stock holding in exact proportion to his sales through the association. When the authorized capital stock of the association has all been issued in this manner, the members supplying forest raw materials in a given year are expected to receive stock transferred from the oldest outstanding annual issue.

In order to assist the association at the beginning, the Northeastern Forest Experiment Station, exercising its research functions, mapped and cruised woodlands of most members in order to ascertain forest conditions, growth rates, and other pertinent facts concerning farm-woodland management. Timber is marked for cutting with a view to developing increased productivity. The station also studies logging, mill utilization, organization, and financial methods of forest cooperatives to help improve operating efficiency.

Upon joining the association, woodland owners sign a management and marketing agreement to the effect that their woodlands will be managed for sustained yield according to the best forestry advice available.

#### **7. TIoga County Woodland Owners' Cooperative Association, Inc., Owego, N. Y.**

In 1936, J. A. Cope, extension forester in New York State, found that 8 or 10 keymen in Tioga County, N. Y., were interested in forming a woodland owners' cooperative. Twenty-five percent of the land area involved was in woodlands, and 75 percent of the forests had merchantable timber. A forest survey of all merchantable timber on one-third of the farm woodlands in Tioga County was made by the U. S. Forest Service and the Soil Conservation Service, using Civilian Conservation Corps labor. Several local sawmill owners were interested in the development of a permanent supply of saw-logs and were willing to pay a bonus of approximately \$1 per thousand board feet for the timber (scaled by the Scribner rule) furnished through the cooperative. The project was carefully explained to the local people, and the cooperative was organized and incorporated on January 3, 1939. Membership is offered to local woodland owners who sign the marketing agreement and pay a life membership fee of \$1.

The Tioga co-op is a nonstock organization, and as yet no indebtedness has been incurred. It furnishes a timber marking and scaling service to members who pay 50 cents per thousand board feet for marking and 3 percent of the delivery price for sealing, bookkeeping, and incidental costs. As yet the volume of business has not been great enough to warrant a full-time manager, although the association plans to employ one in the future. The secretary-treasurer has been handling the financial transactions, which involved 400,000 board feet of logs and 415 cords of pulpwood in the year ended July 31, 1941.

#### **8. Winona Wood Products Cooperative Association, Winona, Minn.**

Winona County was chosen by Federal and State agencies as a typical southeastern Minnesota farming-community county for a study of wood requirements for farms. The survey made indicated the need for considerable quantities of building material and further that the

lumber could be obtained from the farm woodlands. At a mass meeting held to discuss this need, the farmers suggested that a cooperative be formed, and the following statement was adopted:

. . . to produce, process, manufacture, grade, store, handle, ship, or utilize forest products and byproducts; to sell or otherwise deal in for its own account or on commission, or as agent for its members, such forest products or any other products, and supplies that it may deem advantageous to handle for the efficient and profitable preparation of such products; to promote, foster, and encourage the practice and application of sound forestry principles; and to finance the above-enumerated activities.

Charles H. White, agent forester, employed cooperatively by the Minnesota Agricultural Experiment Station and the U. S. Forest Service at St. Paul, Minn.; Wilford Lauer, Jr., Soil Conservation Service, farm forester; Harold C. Pederson, county agent of Winona County; and others are helping the cooperative in its initial stages. Management plans are made for each woodland; farm-building plans are prepared, and requirements in terms of trees are computed; trees are marked and cut in order to fill the bill for lumber; and then the lumber is seasoned and processed in the final stage for use. One of the most important functions of the association will be that of meeting the need for finished lumber by providing the means of seasoning and remanufacturing the rough lumber. Articles of incorporation, providing for a maximum capital of \$5,000 made up of \$10 shares, have been filed with State authorities and approved by them.

At the present time, 26 farm buildings are scheduled; 11 structures have been sawed out by portable mills since March 18, 1941, involving 70,000 board feet of native lumber (mostly oak and cottonwood); and 5 buildings are now under construction. Farmer members are delighted with the low-cost, high-quality lumber which is making possible new construction and farm-building repairs needed for many years.

#### ADDITIONAL INFORMATION

If you are interested in starting or joining a cooperative and want additional information concerning the forestry cooperatives mentioned or a description of others, it is suggested that you write to your State forester, extension forester, or to the Forest Service of the U. S. Department of Agriculture, and read the following:

SOLIN, LAWRENCE. A STUDY OF FARM WOODLAND COOPERATIVES IN THE UNITED STATES. N. Y. State Col. Forestry, Syracuse Univ., Bul. (Tech. Pub. 48), [118] pp., illus. 1940.

BEHRE, C. EDWARD, and LOCKARD, C. R. CENTRALIZED MANAGEMENT AND UTILIZATION ADAPTED TO FARM WOODLANDS IN THE NORTHEAST. U. S. Forest Serv. Northeast. Forest Expt. Sta., in cooperation with N. Y. State Col. Forestry, Syracuse Univ. 67 pp., illus. 1937.